

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF M.O.S.T., INC. TO)	
TRANSFER THE LAND AND PHYSICAL)	
ASSETS OF THE HEATHER HILLS SEWAGE)	CASE NO. 9698
TREATMENT SYSTEM IN OLDHAM COUNTY,)	
KENTUCKY TO HEATHER HILL SEWAGE)	
TREATMENT PLANT, INC.)	

O R D E R

IT IS ORDERED that M.O.S.T., Inc., and Heather Hills Sewage Treatment Plant, Inc., shall file an original and six copies of the following information with the Commission no later than October 27, 1986. If the information cannot be provided by this date, a motion requesting an extension of time which states the reason for the delay and a date by which the information will be furnished shall be submitted for the Commission's consideration.

1. Provide an explanation of how the \$3,000 purchase price was determined and how it relates to the value of the assets of M.O.S.T. as reported in its 1985 Annual Report to the Commission.

2. The 1985 Annual Report indicates that 40 percent of utility plant in service was recovered through the sale of lots, yet Account No. 271, Contributions in Aid of Construction, has a zero balance. Provide an explanation of why M.O.S.T has not recorded the appropriate contributions or included the collection sewers in utility plant in service.

3. Per the application, the proposed transfer is to be accomplished as a purchase/sale of the land and physical assets of M.O.S.T. Provide the proposed accounting entries, for both the buyer and seller, to reflect the transfer.

4. Provide balance sheets for both the buyer and seller as reflected immediately after the transfer.

5. Provide an explanation of how the debt of \$57,774 on the books of the seller will be treated in the transfer and, if applicable, required approval of the transfer by any creditors having liens on the assets of the seller.

6. Provide copies of any operational or service contracts to be placed in effect upon acquisition of the utility by the buyer.

7. Provide a statement setting forth any financial resources available to the buyer for possible future investment in the utility.

8. 807 KAR 5:071 requires that sewer utilities have a valid third-party agreement that guarantees the continued operation of the treatment facilities. Per Exhibit B of the application (contract of sale) M.O.S.T. is intending to void the existing agreement. Under these conditions, how does the buyer intend to comply with the above-referenced regulation?

Done at Frankfort, Kentucky, this 7th day of October, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Hemeryck
For the Commission

ATTEST:

Executive Director